

PROVIDING NEEDED INFORMATION RESOURCES REQUIRES MAJOR EFFORT

The Corporation is engaging in a wide variety of activities in the information resources management area as it works to provide the most technologically advanced and useful systems resources possible. FDIC managers need reliable information from a multitude of systems on which to base important business decisions in their particular areas of responsibility. The Corporation has budgeted \$231 million in 1997 to be used by the Division of Information Resources Management (DIRM) as the lead organization for the Corporation's information resources management activities. Funds allocated are used to coordinate FDIC's computer operations and the data analysis used by agency officials involved in regulation and insurance activities; foster the sharing and integration of information; and manage the agency's current and future information needs. One of the Corporation's most significant current endeavors is its Millennium Project-Year 2000. (See box next page.) Another of the Corporation's most pressing challenges is to identify the changing corporate personnel and information system requirements in an environment of reduced resources and increased demand for improved financial and program management.

The OIG performs work to determine whether FDIC is effectively managing its information resources management program and economically meeting the financial management and information needs of its corporate users. The OIG looks at systems already in place as well as those in development. In the latter case, the OIG is committed to taking a proactive approach in working with management on systems-

ADDRESSING A DILEMMA: YEAR 2000

Federal agency officials are becoming increasingly aware that the approaching millennium - Year 2000 - may wreak havoc with the hardware and software of many computer systems and seriously impact business activities throughout their organizations. As explained in a recent report of the U.S. Office of Management and Budget, with the arrival of the Year 2000, people will know that the year "00" stands for 2000, but computers will not understand this new meaning. That is, they may interpret "00" as January 1, 1900. The risk exists that computers may fail at the turn of the century in one of three ways: they will reject legitimate entries, or they will compute erroneous results, or they will simply not run.

What is FDIC doing in anticipation? The Corporation's Millennium Project - Year 2000 is in process. The Corporation has made progress in identifying its inventory of systems and ranking those systems based on mission-critical needs. Initial estimates of the cost and time involved indicate that FDIC may require 170 staff years and \$20 million to address this situation. DIRM has established estimated milestones to complete the program, which appear realistic and should ensure that the Year 2000 project is accomplished on time.

OIG Attention: The OIG is currently auditing the Corporation's effort for Year 2000 to determine whether FDIC's planning and management of the program are adequate and ensure that FDIC follows a structured approach to achieving Year 2000 compliance. We plan to issue audit reports or memoranda at the end of certain phases of the Year 2000 conversion process or at other times, as warranted.

related issues. That is, the OIG attempts to be involved early-on, as systems are being developed, so as to provide timely and meaningful information to management. Audits from the current reporting period serve to illustrate this point.

CORPORATION SEEKS TO IMPROVE SYSTEM DEVELOPMENT LIFE CYCLE METHODOLOGY

After the merger of FDIC and RTC, management began the process of System Development Life Cycle (SDLC) methodology improvement and decided to adopt the SDLC methodology of the

STRENGTHENING CONTROLS OVER TELECOMMUNICATIONS ACTIVITIES

Another audit conducted during the reporting period focused on FDIC's telecommunications operations and looked specifically at the Corporation's Washington, DC, Private Branch Exchange Switch Equipment. We found that generally, management needed to strengthen controls over a variety of its telecommunications activities, such as corporate-provided long-distance calling services, PBX and voice-mail equipment and services, and 1-800 services. More specifically, we recommended improvements for 911 emergency services, PBX and Voice Mail policies and procedures, controls over corporate calling cards, and long-distance authorization codes. In addition, we recommended improved controls over 1-800 services provided by the Corporation and more effective reviews of long-distance telephone services provided by FDIC to its employees. Additionally, we recommended steps to ensure that security and use of PBX equipment is optimized.

Again, management officials took prompt action in response to the OIG's concerns in this report and their attention to the issues resulted in the initiation, and in some cases, completion of actions necessary to address many of the report's recommendations.

Additional audits and reviews conducted during the reporting period include audits of the Electronic Data Interchange and Asset Disposition system development projects, the operating system for the IBM mainframe computer, the Credit and Accounts Receivable Management system security, the DB2 Data Base Management system, and an evaluation of issues involving the development of the Legal Management Information System.